

Building for the Future



City of Falls Church 2006 Annual Water Report



CITY OF
**FALLS
CHURCH**



Our Mission:

Provide superior service to customers by delivering a safe, dependable, and sufficient supply of drinking water.

Message From the City Manager

In 2006, the City of Falls Church Department of Environmental Services (DES) achieved a number of goals designed to provide a safe, dependable, and sufficient water supply at reasonable rates. Indeed, due to operational efficiencies gained over the past year, our water rates are forecast to remain stable this year, and for the coming year. Most importantly, the drinking water supplied by the City of Falls Church continues to meet or surpass all federal and state drinking water standards.

This year saw a variety of upgrades to the water system. We are moving forward with a full conversion to Automatic Meter Reading, pump station upgrades, a water main replacement program, security improvements, and several other utility projects. These improvements are part of the Five-Year Capital Improvements Program, and will not only ensure the continued delivery of safe drinking water, but will also enhance operational efficiency, water pressure, customer service, and the accuracy of meter readings.

The ongoing water main replacement initiative, which is part of the Capital Improvements Program, is designed to replace old cast-iron water mains with new, more reliable ductile iron mains. Each year, staff selects mains for replacement based on a number of factors, including: number of main breaks, traffic impacts, and number of customers affected. In 2006, DES focused on completing a \$1 million replacement project in the Chesterfield/Chesterbrook area of Fairfax County. DES also completed the design for replacing 10,000 feet of problematic main along Route 50. This project has been incorporated into a capital improvement project for a larger main along Route 50 from Seven Corners to The Capital Beltway, which will enhance the City's water system redundancy. We expect construction on this project to begin in 2007.

DES continues to plan for the future to meet expanding needs generated by new development in the area. DES engaged a consultant in 2005 to update the City water system's comprehensive plan, last revised in 1997. This report was completed at the end of 2005, and recommends long-term goals for capital investments to the water system over the next 25 years to maintain high quality service and reliability.

Experience has shown that the water utility performs well under adverse circumstances as well as in day-to-day operations. Careful planning for power redundancy allowed our system to remain operational during an extended power outage following Hurricane Isabel and we are equipped to handle similar challenges that may arise in the future.

This report provides a brief overview of the operational achievements and financial performance for the City of Falls Church water system in 2006. Our success lies in staff expertise and sound policies that guide the water utility forward. We will maintain our focus on dependability, stable rates, and excellent customer service, and look forward to continuing to provide you with the highest level of water quality in the years to come.

Sincerely,

A handwritten signature in blue ink, reading "Wyatt Shields". The signature is fluid and cursive, with the first name "Wyatt" and last name "Shields" clearly distinguishable.

Wyatt Shields
City Manager

Water System Facts and Figures

The City of Falls Church Department of Environmental Services water system service area includes 33 square miles of service lines reaching from the City of Falls Church to sections of Fairfax, McLean, Tysons Corner, and Vienna. The water system is supplied by the Washington Aqueduct, which draws water from the Potomac River. The Washington Aqueduct also supplies water to Arlington County and the District of Columbia.

Water Quality

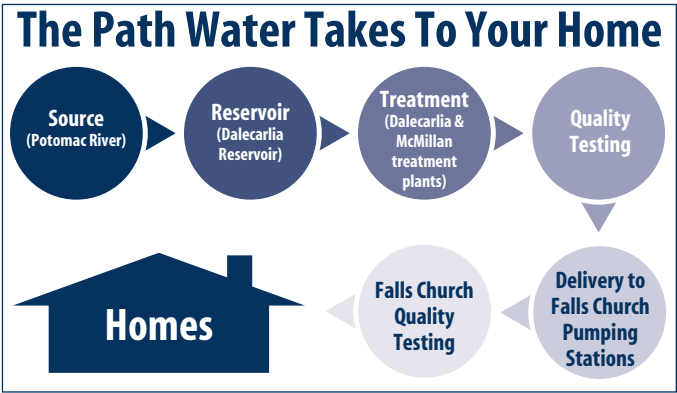
To ensure that tap water is safe to drink, the Environmental Protection Agency (EPA) prescribes limits on the amount of certain impurities in water provided by public water systems. Federal Department of Agriculture regulations establish limits for contaminants in bottled water, which must provide the same protection for public health.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some impurities. The presence of impurities does not necessarily indicate that water poses a health risk. The City's annual consumer confidence *Water Quality Report* is mailed to customers in the spring of each year and is available online at www.fallschurchva.gov.

At a Glance

- 120,000 Persons Served
- 34,500 Accounts
- 374 New Water Service Applications
- 15 Million Gallons Per Day (Equal to one water tank every two hours)
- 33 Square-Mile Service Area
- 491 Miles of Water Mains
- 9,760 Valves
- 3,132 Fire Hydrants
- 10 Storage Tanks
- 8 Pumping Stations
- 54 Employees
- 1,900 +/- Water Samples Collected and Analyzed Annually

In 2006, the reporting level for lead found in the City's monitoring program was 88 percent lower than the Action Level established by the Environmental Protection Agency's Lead and Copper Rule.



Projects

Tysons Capital Improvements Project - Improvements to the Scotts Run Pumping Station began in March 2006 to replace the facility with a secure underground station that can provide adequate flow and pressure to deliver water to the new Tysons Water Tank. This facility will be completed in early 2007 and will enable the City to resume purchasing all of its water from the Washington Aqueduct and end its temporary purchases from Fairfax Water. This is the final element of the Tysons Capital Improvements Project that began in 1998.

Seven Corners Improvements Project -

This project is designed to improve water pressure in part of the Seven Corners area through the replacement of several existing mains and the installation of a new main adjacent to the Eden Center. Future plans include the installation of a new storage tank in the Willston area of Seven Corners to ensure adequate water supply to that area going forward.

In 2006, the water system made significant progress toward strengthening its operational reliability through new projects and initiatives.

Arlington Special Pumping Station Project - The Arlington Special Pumping Station project is a joint effort between the City of Falls Church and Arlington County to improve service to approximately 300 City customers north of the City limits. It involves the installation of a new pump at the Arlington County facility, which feeds this area of the City's water system.

SCADA Upgrades Project - The SCADA (System Control and Data Acquisition) upgrade installation contract was awarded in May 2006. This project will improve operational efficiency and replace outdated equipment that controls operations of the water system's pumping stations and storage tanks. It is scheduled for completion in late 2007.

Security Upgrades Project - A physical security improvements project was also awarded in May. This project will upgrade and enhance the security of critical water system assets by early 2007.

Comprehensive Plan Update and Demand Study - An engineering consultant completed a comprehensive plan update and demand study for the water system in late 2005. The report projects future customer demands and lays out recommended capital improvements to meet those demands. These projects have been included in the Water System Capital Improvements Program and have been accounted for in the recently completed financial study of the water system.

Water Main Replacement Project - Replacements of problematic water mains in the Chesterbrook/Chesterfield area were completed in the fall of 2006. This project, worth more than \$1 million, is part of an ongoing initiative to replace old cast iron mains that have histories of multiple failures and service outages.

Map Conversion Project - As part of the comprehensive effort to continually improve service, the City's water system maps have been converted from paper to digital format to facilitate City employees' access to accurate and current information.

Preventative Maintenance Project - Staff has also enhanced its preventative maintenance program for the water system's pumping stations and 10 water storage tanks, providing a more thorough and disciplined approach to maintaining water system assets, maximizing their reliability and service life.

2006 Operational Accomplishments

City Environmental Services Operations crews maintain the City's water infrastructure to provide reliable service and water quality that meets or surpasses established standards.

- Flushed the entire water system to improve water quality for customers.
- Inspected water valves throughout the water system to ensure prompt shutdown capabilities during emergencies and to prevent damage to roads and private property.
- Completed the annual fire hydrant maintenance program to ensure all fire hydrants are in good operating condition; made repairs and replacements when necessary.
- Repaired 100 water main breaks ranging from 4" to 20" in size. The average shutdown time in affected parts of the system was 5 hours; the average completion time for repairs was 6 hours. These quick response and repair times limited the time customers spent without water service and prevented additional water loss. The City's experience of 0.26 breaks per mile of cast iron pipe in 2006 compares favorably to other utilities in the region.
- Installed new water connections within three working days of requests.

All water system employees are committed to safety and education. Crews attend mandatory training programs annually. These programs include: First Aid, CPR, Confined Space Training, Trench Safety, Emergency Preparedness, Flagging Certification, and annual training provided at the American Water Works Association conference.

Serving You Better

The Utilities Customer Service Division provides meter reading and billing services to the water system. The Division instituted a free automatic debit option to make utility bill payment easier for customers. Customers registered for the service can have their water bill automatically paid from their checking or savings account on the bill's due date.



The Division also began an Automatic Meter Reading Meter Change-Out project. When completed in late 2007, all meters will be read by drive-by laptop equipment to ensure timely and accurate meter readings.



The DES water distribution crew placed third in the 2006 Virginia Utility Rodeo, a state competition of skills, speed, and safety.

Emergency Preparedness

By improving security measures and redundancy, the City water utility is making strides to ensure safe water delivery in the event of an emergency. This is achieved through security upgrades, 24-hour security monitoring, and other improvements. This also includes participation in regional initiatives designed to increase the level of preparedness.

MWCOG Regional Water System Study – The Metropolitan Washington Council of Governments (MWCOG) has initiated a study to identify significant water system infrastructure improvements that would enhance the overall reliability of the regional water system during an emergency event. The City of Falls Church Director of Public Utilities chaired the Steering Committee, and a draft report has been presented to member jurisdictions for review.

MWCOG Water Quality Monitoring Project – Using federal homeland security funding, MWCOG has provided the City with two state-of-the-art drinking water monitoring devices for evaluation. These bio and chemical water-monitoring devices have been installed and are in pilot operation. The City is working with MWCOG to assess both technologies.

Environmental Commitment

The City of Falls Church Department of Environmental Services is dedicated to providing excellent environmental stewardship in all capacities. This ranges from quick water main repairs to collaboration on regional environmental protection partnerships.

Green Fleet – In 2006, DES Operations launched Green Fleet efforts with the purchase of two hybrid vehicles and conversion to alternative fuels. Operations now uses biodiesel and a 10 percent ethanol and 90 percent unleaded gasoline blend in vehicles used for water utility work.

Regional Water Supply Study – The Code of Virginia has been amended to require local or regional water supply plans be prepared and submitted to the Virginia Department of Environmental Quality. The City is participating in the regional water supply study that will be directed by the Northern Virginia Regional Commission. The study is required to be completed by November 2011.

Regional Water Use It Wisely Campaign – The City of Falls Church has been working with area water utilities, the Metropolitan Washington Council of Governments, the Maryland Department of the Environment, the Virginia Department of Environmental Quality, and the United States Environmental Protection Agency, to promote year-round wise water use. The campaign focuses on increasing awareness about how to use water wisely and promotes stewardship through simple actions and behaviors.

Washington Aqueduct Solids Project – The Washington Aqueduct (WA) has been directed by EPA to reduce the amount of solids it discharges into the Potomac River by the end of 2009. After a thorough review of the alternatives, the WA will build a dewatering facility and truck the processed residuals to one or more offsite facilities. The estimated cost for the project is slightly more than \$100 million. The City’s estimated share of this project is approximately \$10 million.

Operating Performance

Operating Indicators by Function

	FY01	FY02	FY03	FY04	FY05	FY06
New connection applications		346	123	216	90	374
Purchased water (mil. gallons daily)		16	15	14	15	16

Capital Asset Statistics by Function

	FY02	FY03	FY04	FY05	FY06
Water mains (miles)	485	486	489	489	491
Fire hydrants	3,003	3,020	3,017	3,097	3,132

Financial Performance

Assets as of June 30, 2006

Current Assets:	
Cash and cash equivalents	\$5,708,172
Investments	7,518,038
Receivables, net	9,055,215
Inventories	396,663
Total Current Assets	22,678,088
Non-Current Assets:	
Capital assets:	
Non-depreciable	4,747,429
Depreciable, net	43,181,964
Total Capital Assets, Net	47,929,393
Total Non-Current Assets	47,929,393
Total Assets	\$70,607,481

Liabilities and Net Assets as of June 30, 2006

Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	\$3,461,793
Accrued compensated absences	255,177
Due to other funds	1,697,107
Total Current Liabilities	5,414,077
Non-current liabilities:	
Compensated absences, net of current amount	38,687
Total Liabilities	5,452,764
Net Assets:*	
Invested in capital assets	47,929,393
Unrestricted	17,225,324
Total Net Assets	65,154,717
Total Liabilities and Net Assets	\$70,607,481

*Assets are carried at depreciated historic cost, which does not necessarily reflect current value.

Revenues, Expenses, and Changes in Net Assets as of June 30, 2006

Operating Revenues:

Charges for services	\$18,121,098
Rentals	175,602
Miscellaneous	29,795
Total Operating Revenues	18,326,495

Operating Expenses:

Source of supply	7,568,529
Distribution system	1,196,765
Water connections	498,337
Administration	5,394,863
Depreciation	1,626,768
Total Operating Expenses	16,285,262
Operating Income/(Loss)	2,041,233

Non-Operating Revenues/(Expenses):

Availability fees	815,870
Investment earnings	429,117
Loss on disposition of capital assets	(3,921)
Total Non-Operating Revenues	1,241,066
Income Before Contributions and Transfers	3,282,299
Capital contributions	1,532,935
Transfers to General Fund:	
Payments in lieu of taxes	(110,000)
Return on equity	(4,625,874)
Change in Net Assets	79,360
Total Net Assets at Beginning of Year	65,075,357
Total Net Assets at End of Year	\$65,154,717

City Council



Seated Left to Right: Council Members Daniel Sze, Daniel Maller, and Harold Lippman. Standing Left to Right: Council Member David Chavern, Vice Mayor Lindy Hockenberry, Mayor Robin Gardner, and Council Member David Snyder.

City Utility Principal Staff

Wyatt Shields
City Manager

Cindy L. Mester
Assistant City Manager

Brenda J. Creel
General Manager, Department of Environmental Services

John Tuohy, CPA
General Manager, Department of Administrative Services and Chief Financial Officer

Robert Goff
Director, Environmental Services Operations Division

Robert Etris
Director, Environmental Services Public Utilities Division

Mary Ann Burke
Director, Utilities Customer Service Division



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www.fallschurchva.gov

Policy of Non-Discrimination on the Basis of Disability

The City of Falls Church does not discriminate on the basis of disability in its employment practices or in the admission to, access to, or operations of its services, programs, or activities. Letha Flippin, 300 Park Avenue, Falls Church, Virginia 22046, has been designated to coordinate compliance with the ADA non-discrimination requirement.